

# Iowa Department of Human Services



*Iowa Wellness Plan  
1115 Waiver Application*

July 2013

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## Introduction

Iowa has a history of health care innovation and commitment to the working poor population. From the IowaCare 1115 demonstration waiver that served over 172,000 Iowans with income up to and including 200% of the federal poverty level (FPL) to the State Innovation Models grant to implement state-wide multi-payor Accountable Care Organizations (ACOs), Iowa has demonstrated dedication to innovative health options for low-income populations.

Continuing with this history of health care innovation, in May of 2013 the Iowa Legislature passed the Iowa Health and Wellness Plan. Working in tandem with the advance premium tax credits that will be available in 2014, this plan will assure universal access to health insurance for all Iowan citizens while promoting private market coverage. The Iowa Health and Wellness Plan will replace the IowaCare 1115 Demonstration waiver and will implement three options that offer coverage to adults between 19 and 64 years of age with income not exceeding 133% FPL.<sup>1</sup> Current enrollees on IowaCare that are above 133% FPL will be eligible to receive advance premium tax credits through the Iowa Marketplace. The three components of the Iowa Health and Wellness Plan are: (1) the Iowa Wellness Plan serving non-medically frail eligible individuals with income up to and including 100% FPL and medically frail eligible individuals with income up to 133% FPL through a 1115 demonstration that promotes coordinated care, managed care, and the development of Accountable Care Organizations (ACOs); (2) the Iowa Marketplace Choice Plan serving non-medically frail individuals with income 101% FPL up to and including 133% FPL by offering premium assistance for eligible individuals to enroll in Qualified Health Plans through the health insurance marketplace (Marketplace); and (3) offering premium assistance for cost-effective employer sponsored insurance (ESI) under Iowa's Health Insurance Premium Payment (HIPP) program. By implementing two separate 1115 demonstrations and expanding the HIPP for individuals up to and including 133% FPL with access to cost-effective ESI coverage, Iowa seeks to promote private market coverage, capitalize on the efficiencies of the Marketplace, and mitigate the challenges of churn for those individuals most likely to become eligible for premium tax credits. With implementation of these two demonstrations and the expansion of the HIPP, Iowa expects to provide coverage to 190,000 adults between 19 and 64 years of age with income not exceeding 133% FPL by 2016.

This 1115 waiver request seeks to implement the Iowa Wellness Plan and coverage options for eligible non-medically frail individuals up to and including 100% FPL and for eligible medically frail individuals with income up to and including 133% FPL. A separate 1115 waiver request to implement the Iowa Marketplace Choice Plan will be submitted concurrently with this request that will cover the eligible non-medically frail population with income from 101% FPL up to and including 133% FPL that is more likely to transition to Marketplace coverage. This Iowa Wellness Plan demonstration simultaneously promotes delivery system innovation, care management, care coordination and quality for eligible non-medically frail individuals with income up to and including 100% FPL and for medically frail individuals with income up to and including 133% FPL. This request is predicated on the enhanced matching rates and funding

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<sup>1</sup> With the 5% of FPL disregard, 133% FPL will include individuals with income up to and including 138% FPL. All notations of 133% FPL in this document are inclusive of the 5% disregard to 138% FPL unless otherwise stated.

made available through the Affordable Care Act (ACA). If these enhanced funds are not available, Iowa will withdraw its request and cease program operations.

With the Iowa Wellness Plan, Iowa ensures coverage options for non-medically frail Iowans ages 19 to 64 with income up to and including 100% FPL and for medically frail Iowans with incomes up to and including 133% FPL through approaches that are designed to realign the delivery system to focus on value, quality, and coordination of care. Through a phased implementation, the Iowa Wellness Plan promotes coordinated care through primary care coordination, managed care, and the State Innovation Model ACOs. This 1115 waiver request seeks to not only provide coverage to low income Iowans but to create a framework that supports innovations and results in higher quality and lower premium costs for all Iowans by investing in new delivery system models.

The Iowa Wellness Plan targets Iowans ages 19 to 64 who are not eligible for other categories of Medicaid or Medicare, are not medically frail and have income not exceeding 100% FPL or are medically frail and have income not exceeding 133% FPL, and do not have access to cost-effective ESI coverage. Those with cost-effective ESI will be provided with premium support to access their employer's health plan through Iowa's existing HIPP. Those found eligible for the Iowa Wellness Plan will be screened prior to enrollment to determine if they qualify for medically frail status as described at 42 CFR §440.315(f) and a retrospective process will be implemented to identify individuals who become medically frail post enrollment. Individuals who qualify as medically frail will be defaulted to enrollment in the State Plan where benefits are more appropriate to their needs; however, these individuals will have the opportunity to opt-out of State Plan coverage and receive coverage on the Iowa Wellness Plan. Eligibility for individuals determined to be Medically Frail extends to 133% FPL to assure that these individuals with more comprehensive health needs can benefit from the delivery system innovations of the Iowa Wellness Plan if they opt-out of State Plan coverage. The Iowa Wellness Plan will provide a comprehensive commercial-like benefit plan that ensures provision of the Essential Health Benefits (EHB) and is indexed to the State Employee Plan benefits with supplemental dental benefits similar to those provided on the State Plan. Enrollment projections indicate that by 2016, 119,854 individuals will be eligible for coverage through the Iowa Wellness Plan and an additional 19,651 individuals under 100% FPL will be made eligible by the Iowa Health and Wellness Plan legislation for premium assistance for ESI coverage through the expanded HIPP program. Detailed enrollment projections are discussed in Section 6.2.

The Iowa Wellness Plan creates an innovative approach to providing health care services to Iowa's low-income, adult population and assures coverage options for all Iowans. This waiver request promotes care management, coordination, and quality and seeks to support the development of ACOs across the State in concert with the State Innovation Model goals. However, recognizing that ACO and managed care penetration vary across Iowa, this request allows for different delivery and payment models. Starting in January 2014, the Iowa Wellness Plan will provide health care coverage by promoting coordinated care through a variety of mechanisms including primary care physician coordination, Accountable Care Organizations, as well as managed care models. The model will vary by geographic region and will depend on the delivery system readiness for ACOs and/or managed care. However, at a minimum, all

participants will have access to primary care that provides referral coordination and focuses on quality outcomes. Over the course of the demonstration, and as ACO development increases across Iowa, more Iowa Wellness Plan enrollees will be covered by PCPs that are associated with ACOs.

The Iowa Wellness Plan contains a unique incentive program that is intended to improve the use of preventive services and other healthy behaviors through the elimination of monthly financial contributions for those that complete preventive health service requirements. Participants with income exceeding 50% FPL will be required to contribute financially toward their health care costs through monthly contributions. Since required monthly financial contributions could be challenging for the lowest income individuals, those with income below 50% FPL will not be subject to the required financial contributions. The required financial contributions are designed to be lesser than or comparable to premium payments for those who receive premium tax credits available in the Marketplace. However, for the first year of enrollment in the Iowa Wellness Plan, all monthly financial contributions are waived. If participants complete key health improvement behaviors in their first 12 months of enrollment, the required financial contributions are waived again for the next 12 month enrollment period. Key health improvement behaviors may include items such as completion of preventive health care and health assessments and the targeted behaviors will be defined by Iowa for each coverage year. Enrollees who continue to complete health improvement behaviors in each 12 month period of enrollment will never be subject to the required monthly financial contribution. The required financial contributions are the only cost sharing required of Iowa Wellness Plan participants other than copayments for non-emergency use of the emergency department, which apply to all participants regardless of income level but are also waived in the initial demonstration year.

Approval for this initial waiver demonstration is requested for the maximum allowable time of five years (2014-2018).

### **Section 1: Program Description**

The Iowa Wellness Plan is designed to cover individuals ages 19 to 64 with income not exceeding 100% FPL through a State operated program that provides an incentive program to improve the use of preventive care services, promotes other positive health behaviors, and leverages care coordination through the use of gate keeper primary care physicians (PCP), managed care, and ACOs.

Eligible individuals who are not medically frail with income up to and including 100% FPL will receive benefits that are consistent with commercial market EHBs and are indexed to the State Employee Plan benefits. Eligible individuals who are medically frail with incomes up to 133% FPL will be enrolled in State Plan benefit coverage, but will be able to opt-out to receive the commercial market EHB coverage offered to non-medically frail individuals. Iowa Wellness Plan benefits will be delivered through a coordinated primary care system that will leverage both managed care and ACOs. Medically frail who do not opt-out of State Plan coverage will have

access to services including 1915(i) habilitation services and access to integrated health and/or medical homes that may be more appropriate for their health care needs.

The Iowa Wellness Plan promotes responsible health care decisions by coupling a monthly required contribution with an incentive plan for participants to actively seek preventive health services so their required contribution can be waived. During their first 12 months of enrollment, participants will not be required to make financial contributions toward their care. After their first 12 months of enrollment, participants with income exceeding 50% FPL will be required to pay a required monthly contribution. However, the required contribution will be waived if the participant completed all Iowa Wellness Plan targeted preventive health or other services, such as a health risk assessment or annual physical in the preceding 12 month enrollment period. Iowa may develop other criteria related to health promotion and preventive services over time. For example, Iowa may consider adherence and completion of a disease management program as criteria for certain high-risk participants. Participants with income up to and including 50% FPL are not required to pay a monthly financial contribution. Details regarding the monthly financial contribution requirements are outlined in Section 4. The Iowa Wellness Plan will not require any copayments for services, with the exception of copayments for non-emergency use of the emergency department - a policy which is also waived in year one. Participant financial contribution amounts are indexed to be approximately 3% of income for a two-person household where both participants are enrolled in the Iowa Wellness Plan. This level of contribution ensures that participants can make their monthly contribution amounts without reaching the federal 5% out-of-pocket maximum limit, even if they make copayments for emergency department use.

In addition to a unique health incentive program, the Iowa Wellness Plan will debut an innovative delivery system and payment methodology. While ACOs are in the process of being developed statewide, there is not currently statewide coverage by ACO entities. Additionally, Iowa does have managed care plans available in certain locations, but these are also not necessarily statewide. In this demonstration request, the Iowa works to leverage all available delivery system models and providers that coordinate care for enrollees. All Iowa Wellness Plan enrollees will have choices related to the provision of care. At minimum, Iowa Wellness Plan enrollees will have a choice of PCP and, if available in their geographic location, they may have the choice of a managed care plan(s). Some of the PCPs available to Iowa Wellness Plan enrollees may be associated with ACOs if there is an ACO developed in the region. The PCPs, managed care plans, and ACOs will all be leveraged to assure care management, coordination of care, and a focus on improving health outcomes. Participants who select a PCP will have access to the full Medicaid provider network and those enrolled in the managed care plan will access the plan's network, which will be subject to network adequacy and access standards. With state approval, for enrollees associated with an ACO, the ACO may limit network choice for the purposes of providing more integrated, coordinated care and/or higher quality care.

PCPs, whether associated with an ACO or not, will coordinate enrollee care by conducting referrals, managing and monitoring enrollee health, and assisting with management of complex and chronic conditions. PCPs who are not associated with an ACO will be paid on a fee-for-service basis and provided a per member per month (PMPM) administrative payment to

coordinate enrollee care and provide referrals. PCPs will also be eligible for bonus payments based on quality and process improvements. Managed care plans will be compensated through capitation and will also be held to quality standards. PCPs who are associated with ACOs will be paid on a fee-for-service basis and the ACO will be subject to a risk adjusted global budget and may qualify for shared savings based on quality outcomes. Consistent with the State Innovations Models Grant, two-sided risk will be eventually implemented for ACOs over the course of the demonstration.

### 1.1 Demonstration Purpose

Three objectives have driven the development of the Iowa Wellness Plan.

- 1) The Iowa Wellness Plan is designed to offer coverage options for non-medically frail Iowans with income not exceeding 100% FPL and for medically frail Iowans with income not exceeding 133% FPL, who are ages 19 to 64, and are not otherwise eligible for Medicaid, Medicare, or subsidized Marketplace coverage. Combined with current Medicaid and Medicare coverage options, the Iowa Marketplace Choice Plan waiver submitted simultaneously with this request, and subsidized coverage through the Marketplace, this will ensure that all Iowans have access to a coverage option in 2014.
- 2) To promote improved care management, care coordination, and health care quality, the Iowa Wellness Plan pioneers a new delivery system and payment model that leverages different models depending on availability and incorporates ACOs, managed care, and PCP care coordination.
- 3) The Iowa Wellness Plan will implement a unique incentive plan to encourage development of cost-conscious consumer behavior in the consumption of health care services and to improve the use of preventive services and other healthy behaviors by waiving required contributions in subsequent enrollment periods for individuals who complete preventive health services, health risk assessments, or other identified services.

### 1.2 Demonstration Hypotheses

The innovations in the Iowa Wellness Plan include participant incentives, development of ACOs, a delivery system model that incorporates PCPs, managed care plans, and ACOs, and a payment model for ACOs based on global budget amounts. In implementing these innovations, the Iowa Wellness Plan will investigate the following three research hypotheses.

- 1) Through implementation of the Iowa Wellness Plan, Iowa seeks to understand if the incentive program that eliminates required contributions in subsequent years results in increased preventive care and other disease prevention and health promotion activities in the current year.
- 2) The Iowa Wellness Plan will allow Iowa to investigate if the development of ACOs improves quality and value for participants, as compared to the traditional primary care coordination model or managed care. Iowa seeks to understand if ACOs can coordinate care for participants to increase positive health outcomes compared to individuals served by only PCPs or covered by managed care plans, and if the ACO quality goals translate to improved value and health status for participants.

- 3) The Iowa Wellness Plan includes a unique payment methodology for ACOs based on a combination of fee-for-service payments, global budgets, and shared savings based on achievement of quality metrics. By implementing the Iowa Wellness Plan, Iowa seeks to understand if the payment model is effective in controlling costs in comparison to the fee-for-service and care coordination payment model for PCPs and the capitation payment model for managed care plans.

### 1.3 Demonstration Area

The Iowa Wellness Plan will be offered across the entire state; however the options offered to enrollees in different areas of the state will vary based on the availability of managed care plans, PCPs, and ACOs.

### 1.4 Demonstration Timeframe

Implementation of the Iowa Wellness Plan will initiate upon program approval, with the goal of full program implementation and initiation of coverage by January 1, 2014. Approval for the initial demonstration is requested for the maximum allowable period of five years for a full demonstration timeframe of 2014 through 2018.

### 1.5 Demonstration Impact to Medicaid and CHIP

Iowa intends to utilize the Modified Adjusted Gross Income (MAGI) methodology for income eligibility to align the Iowa Wellness Plan eligibility with Medicaid, CHIP, and the Marketplace. As an overall strategy to streamline the Medicaid program and reduce duplicate coverage options available in 2014, Iowa intends to discontinue the fully state funded coverage of the “dependents” under the State supplementary group, Dependent Persons. The “dependents” currently enrolled in this coverage option will be transitioned to coverage provided through the Iowa Wellness Plan, the Iowa Marketplace Choice Plan, or the Marketplace.

## Section 2: Demonstration Eligibility

The Iowa Wellness Plan is targeted for individuals who are 19 to 64 years of age who do not have access to Medicare or other comprehensive Medicaid coverage, and who are not eligible for cost-effective ESI coverage. Individuals who are not medically frail with income up to and including 100% FPL based on MAGI methodology are considered eligible, and individuals with income up to 133% FPL who are medically frail will be considered eligible.

### 2.1 Eligibility Groups

The Iowa Wellness Plan is targeted specifically at the ACA Adult Group. This program targets a subset of that group. Those who are not medically frail who have income up to and including 100% FPL based on MAGI methodology, those who are medically frail with incomes up to and including 133% FPL based on MAGI methodology, are eligible for the Iowa Wellness Plan provided they do not have access to cost-effective ESI coverage. Individuals eligible for cost-effective ESI coverage will be enrolled in that coverage through the HIPP on the State Plan and will be provided with appropriate HIPP wrap services.

**Table 1: Eligibility**

Eligibility Group Name	Social Security Act and CFR Citations	Income Level
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<b>The Adult Group – Non-medically Frail</b>	1902(a)(10)(A)(i)(VIII)	0 – 100% of FPL
<b>The Adult Group – Medically Frail</b>	1902(a)(10)(A)(i)(VIII) 42 CFR §440.315(f)	0 – 133% of FPL

Individuals applying for the Iowa Wellness Plan will be screened prior to enrollment to determine if they qualify as medically frail. Those individuals who meet the medically frail qualification will be defaulted to enrollment in State Plan coverage. However, these individuals may opt-out to coverage under the Iowa Wellness Plan. More detail on the medically frail screening process is available in Section 3.5.

### 2.2 Eligibility Standards and Methods

Eligibility for the Iowa Wellness Plan will be determined on MAGI based calculations. Individuals who are under the age of 19 or over the age of 64, are eligible for Medicaid in other comprehensive coverage categories, are eligible for Medicare, have income in excess of 100% FPL based on MAGI for the non-medically frail, have income in excess of 133% for the medically frail, or have access to cost-effective ESI coverage are not eligible for the Iowa Wellness Plan demonstration.

Individuals who have access to cost-effective ESI coverage will receive premium assistance administered through Iowa’s HIPP. Non-medically frail individuals with income 101% FPL up to and including 133% FPL will receive coverage through the Iowa Marketplace Choice 1115 waiver demonstration, submitted in concert with this request.

Prior to enrollment, a process will be implemented to determine if the individual is medically frail. Those considered medically frail will be defaulted to enrollment in State Plan coverage and, as required by legislation, will not be mandatorily enrolled into an Alternative Benefit Plan. The medically frail will have the opportunity to opt-out of the State Plan coverage into the coverage provided to non-medically frail individuals on the Iowa Wellness Plan. Medically frail individuals who opt-out of the State Plan coverage will not be provided with wrap services for more comprehensive benefits offered on the State Plan. In order to receive services, including 1915(i) habilitation services, medically frail individuals are required to remain enrolled in State Plan coverage. More information on the medically frail enrollment process can be found in Section 3.5.

Individuals enrolled in the Iowa Wellness Plan who become eligible for another Medicaid eligibility category per a redetermination will be transferred to that category, as appropriate.

### 2.3 Projected Eligibility and Enrollment

By 2016, an estimated 119,000 Iowans are projected to be enrolled through the Iowa Wellness Plan either as medically frail and covered through the State Plan, with the opportunity to opt-out to the Iowa Wellness Plan, or as non-medically frail and covered through the Iowa Wellness Plan.

Expected year-by-year enrollment for the full demonstration period of five years is detailed below in Table 2. Though they will not be enrolled on the Iowa Wellness Plan, this table also provides estimates for the individuals under 100% FPL that will become eligible for the HIPP program due to the Iowa Health and Wellness Plan legislation.

**Table 2: Projected Iowa Wellness Plan and HIPP Enrollment**

	2014	2015	2016	2017	2018
<b>Wellness Plan Population (ACO) FPL ≤100%</b>	58,923	75,288	76,417	77,563	78,726
<b>Medically Frail Population (Default State Plan) FPL ≤133%</b>	38,146	42,795	43,437	44,088	44,749
<b>Total</b>	<b>97,069</b>	<b>118,083</b>	<b>119,854</b>	<b>121,651</b>	<b>123,475</b>
<b>HIPP Enrollment (Cost-effective ESI) FPL ≤100%</b>	<b>12,316</b>	<b>18,752</b>	<b>19,033</b>	<b>19,319</b>	<b>19,608</b>

It is estimated that all of the individuals with income up to and including 100% FPL currently enrolled in the IowaCare 1115 demonstration will enroll in the Iowa Wellness Plan; and their take up rate will be 100% as of 2014. Additionally, it is estimated that medically frail individuals enrolled in the IowaCare 1115 demonstration up to 133% FPL will have a 100% take up rate and will enroll in the Iowa Wellness Plan and be defaulted to State Plan Coverage. IowaCare 1115 demonstration participants will be invited to apply for the Iowa Wellness Plan and outreach will be conducted to explain the new program components. As shown in Table 2, enrollment of the eligible population who are not currently enrolled in the IowaCare 1115 demonstration and who do not have access to cost-effective ESI is expected to increase over two years with 60% of the potential participants enrolling in the first year and 30% enrolling in the second year. It is estimated that 10% of those potentially eligible for the Iowa Wellness Plan will choose other medical assistance options. For years 2016 through 2018, enrollment is projected to increase at a natural growth rate of 1.5% annually.

#### 2.4 Eligibility for Long Term Services and Supports

The Iowa Wellness Plan will not cover Long Term Services and Supports (LTSS). Individuals who need LTSS, including 1915(i) habilitation services, will be considered medically frail and will be defaulted to coverage through the State Plan. Medically frail individuals may opt-out of the State Plan into the Iowa Wellness Plan but will not receive LTSS services as a wrap-around if they do so. More information on how the Iowa Wellness Plan will screen for and assure default coverage through the State Plan for the medically frail can be found in Section 3.5.

#### 2.5 Changes to Eligibility Procedures

The Iowa Wellness Plan does not seek any waivers for eligibility procedures. Iowa will use the MAGI methodology to assess eligibility for the Iowa Wellness Plan.

## 2.6 2014 Eligibility

The Iowa Wellness Plan will initiate January 1, 2014, in concert with the ACA Adult Group based on MAGI eligibility standards.

## Section 3: Benefits

The Iowa Wellness Plan participants will receive a comprehensive, commercial-like benefit package based on the State Employee Plan benefits, which will ensure coverage for all of the EHBs as required by the ACA. Iowa will supplement the State Employee Plan services with supplemental dental benefits similar to those provided in the State Plan. The benefits listed in Table 4 are consistent with the State Employee Plan unless otherwise noted.

### 3.1 Benefit Chart

**Table 3: Benefit Package**

Eligibility Group	Benefit Package
<b>The Adult Group</b> <ul style="list-style-type: none"> <li>• <b>Non-medically frail 0-100% FPL</b></li> <li>• <b>Medically frail 0-133% FPL<sup>2</sup></b></li> </ul>	Secretary Approved Coverage to include dental services. Benefits based on State Employee Plan.

### 3.2 Social Security Act Section 1937 Alternative Benefit Plans

The Iowa Wellness Plan will utilize the Secretary Approved Alternative Benefit Plan (ABP) coverage option under Section 1937 of the Social Security Act to provide benefits for eligible individuals. The Secretary Approved ABP option will be indexed to State Employee Plan benefits as directed by Iowa's enabling legislation. The ABP will provide supplemental dental services in a manner similar to the State Plan. As required by 42 CFR §440.315(f), participants identified as medically frail will not be mandatorily enrolled in the ABP coverage. Instead, those designated as medically frail will be defaulted to coverage through the State Plan where they can access services not provided by the ABP, including 1915(i) habilitation services. Medically frail individuals will have the opportunity to opt out of State Plan coverage and receive ABP coverage under the Iowa Wellness Plan.

### 3.3 Covered Benefits

Benefits under the Iowa Wellness Plan are indexed to the benefits offered through the State Employee Plan. Waiver of the requirements to offer non-emergency transportation services and Early Periodic Screening, Diagnoses, and Testing (EPSDT) services to individuals between the ages of 19 and 21 are being requested to standardize the benefit package for participants on the Iowa Wellness Plan, the Iowa Marketplace Choice Plan, and individuals receiving subsidized coverage through the Marketplace. All medical benefits will be provided through the current Iowa Medicaid contracted provider network; and supplemental dental benefits are offered to this population and will be similar to the State Plan dental benefits.

**Table 4: Covered Benefits Chart**

<sup>2</sup> Medically frail individuals will be defaulted into State Plan coverage; however, they will be able to opt-out of the State Plan and receive coverage through the Iowa Wellness Plan ABP.

Benefit	Description of Amount, Duration and Scope	Reference
<b>EHB Category: Ambulatory Patient Services</b>		
Primary Care Physician Services	Provided through participant's primary care provider (PCP).	1905(a)(5)
Specialty Physician Visits	Provided by referral of enrollee's PCP.	1905(a)(5)
Home Health Services	Covered as recommended by PCP or referred specialist.	1905(a)(7)
Chiropractic Care	Covered as recommended by PCP or referred specialist.	1905(a)(6)
Outpatient Surgery	Covered as recommended by PCP or referred specialist.	1905(a)(2)
Second Surgical Opinion	Covered as recommended by PCP or referred specialist.	1905(a)(2)
Allergy Testing	Covered as recommended by PCP or referred specialist.	1905(a)(13)
Chemotherapy	Covered as recommended by PCP or referred specialist.	
IV Infusion Services	Covered as recommended by PCP or referred specialist.	
Radiation Therapy	Covered as recommended by PCP or referred specialist.	
Dialysis	Covered as recommended by PCP or referred specialist.	
Dental Services	Covered similar to State Plan dental benefit.	
<b>EHB Category: Emergency Services</b>		
Emergency Room Services	Covered. Non-emergency visits to the emergency department subject to \$8 copayment after initial demonstration year.	1905(a)(29)
Emergency Transportation- Ambulance and Air Ambulance	Covered.	
Urgent Care/Emergency Clinics (non-hospital)	Covered.	
<b>EHB Category: Hospitalization</b>		
General Inpatient Hospital Care	Covered as recommended by PCP or referred specialist.	1905(a)(1)
Inpatient Physician Services	Covered as recommended by PCP or referred specialist.	1905(a)(1)
Inpatient Surgical Services	Covered as recommended by PCP or referred specialist.	1905(a)(1)
Non-Cosmetic Reconstructive Surgery	Covered as recommended by PCP or referred specialist.	1905(a)(1)
Transplants	Covered as recommended by PCP or referred specialist.	1905(a)(1)

Benefit	Description of Amount, Duration and Scope	Reference
Congenital Abnormalities Correction	Covered as recommended by PCP or referred specialist.	1905(a)(1)
Anesthesia	Covered as recommended by PCP or referred specialist.	1905(a)(1)
Hospice Care	Covered as recommended by PCP or referred specialist.	1905(a)(18)
Skilled Nursing Facility	Covered as recommended by PCP or referred specialist, limited to 120 days annually.	1905(a)(4)
<b>EHB Category: Mental Health and Substance Abuse</b>		
Mental/Behavioral Health Inpatient Treatment	Covered as recommended by PCP or referred specialist. Those with disabling mental disorders will be considered medically frail and enrolled in the State Plan.	1905(a)(1)
Mental/Behavioral Health Outpatient Treatment	Covered as recommended by PCP or referred specialist. Those with disabling mental disorders will be considered medically frail and enrolled in the State Plan.	1905(a)(2)
Substance Abuse Inpatient Treatment	Covered as recommended by PCP or referred specialist. Those with disabling substance abuse disorders will be considered medically frail and enrolled in the State Plan.	1905(a)(1)
Substance Abuse Outpatient Treatment	Covered as recommended by PCP or referred specialist. Enrollees with disabling substance abuse disorders will be considered medically frail and enrolled in the State Plan.	1905(a)(2)
Autism Diagnosis and Treatment	Covered as recommended by PCP or referred specialist.	1905(a)(13)
<b>EHB Category: Prescription Drugs</b>		
Prescription Drugs	Covered as recommended by PCP or referred specialist.	1905(a)(12)
<b>EHB Category: Rehabilitative and Habilitative Services and Devices</b>		
Physical Therapy, Occupational Therapy, Speech Therapy	Covered as recommended by PCP or referred specialist. Limited to a combined 60 visits annually.	1905(a)(11), 1905(a)(13)
Durable Medical Equipment	Covered as recommended by PCP or referred specialist.	1905(a)(29)
Prosthetics	Covered as recommended by PCP or referred specialist.	1905(a)(12)
<b>EHB Category: Laboratory</b>		
Lab Tests	Covered as recommended by PCP or referred specialist.	1905(a)(3)
X-Rays	Covered as recommended by PCP or referred specialist.	1905(a)(3)
Imaging- MRI, CT, and PET	Covered as recommended by PCP or referred specialist.	1905(a)(3)

Benefit	Description of Amount, Duration and Scope	Reference
Sleep Studies	Covered as recommended by PCP or referred specialist.	1905(a)(13)
Diagnostic Genetic Tests	Covered as recommended by PCP or referred specialist.	1905(a)(13)
Pathology	Covered as recommended by PCP or referred specialist.	1905(a)(13)
EHB Category: Maternity		
Maternity/ Pregnancy Services	Covered.	1902(e)(5)
Tobacco Cessation for Pregnant Woman	Covered.	1905(a)(4)
EHB Category: Preventive Care		
Preventive Care Services	Covered as recommended by PCP or referred specialist. Limited to ACA required preventive services. <sup>3</sup>	1905(a)(13)
Nutritional Counseling	Covered as recommended by PCP or referred specialist. Only covered related to diabetes education.	1905(a)(29)
Family Planning Services	Covered.	1905(a)(10)

**Table 5: Benefits Not Provided**

Benefit	Description of Amount, Duration and Scope	Reference
Acupuncture	Not Covered.	1905(a)(29)
Infertility Diagnoses and Treatment	Not Covered.	1905(a)(29)
Bariatric Surgery	Not Covered.	1905(a)(1)
Hearing Aids	Not Covered.	1905(a)(29)
Vision Services	Not Covered.	1905(a)(6)
Nursing Facility Services	Not Covered, except for rehabilitation not to exceed 120 days.	1905(a)(4)
Residential Services	Not Covered.	1905(a)(29)
Non-emergency Transportation Services	Not Covered.	1905(a)(24)
EPSDT	Not Covered.	1905(a)(4)
Abortion	Not Covered unless required by federal law.	1905(a)(29)
Other	Any other services not covered by the medical assistance program.	1905(a)(29)

<sup>3</sup> Includes services with an “A” or “B” rating from the United States Preventive Task Force, immunizations recommended by the Centers for Disease Control and Prevention, and additional preventive care screenings for women as provided in the Health Resources and Services Administration guidelines.

Participants who are medically frail will not be mandatorily enrolled in this ABP. Instead, these individuals will be defaulted to enrollment in the State Plan. Through the State Plan, medically frail individuals will be able to access services including 1915(i) habilitation services and other comprehensive mental health and substance abuse services provided through the Iowa Plan, Iowa's 1915(b) mental health managed care program. Medically frail individuals may opt-out of State Plan coverage and receive coverage through the Iowa Wellness Plan ABP, however, wrap around for services available on the State Plan but not available on the ABP will not be provided.

### 3.4 Long Term Services and Supports (LTSS) Benefits

Outside of the limited 120 days of nursing facility services, LTSS will not be provided on the Iowa Wellness Plan. Medically frail individuals that need LTSS such as 1915(i) habilitation services will be defaulted to enrollment in the State Plan and will be able to access these services as appropriate.

### 3.5 Medically Frail

Due to the complexity of medical management and needs, individuals with incomes up to and including 133% FPL, who meet the definition of medically frail will be defaulted to coverage under the Medicaid State Plan; however, these individuals have the opportunity to opt-out of the State Plan coverage and enroll in the Iowa Wellness Plan. To ensure that individuals considered medically frail are not mandatorily enrolled in the ABP, the Iowa Medicaid Enterprise (IME) will implement a multi-tiered screening approach. Consistent with 42 CFR §440.315(f), an individual will be considered medically frail if he or she has any one or any combination of the following: 1) disabling mental disorder; 2) a chronic substance abuse disorder; 3) serious and complex medical condition; 4) physical, intellectual, or developmental disability that significantly impairs the individual's ability to perform one or more activities of daily living; or 5) a determination of disability based on Social Security Administration criteria.

Iowa will implement a robust three-pronged approach with a combination of retrospective and prospective screening processes to ensure identification of medically frail individuals.

- First, Iowa will provide education and outreach regarding medical frailty to navigators, certified application counselors and other individuals assisting with Medicaid applications. Education and outreach on the medically frail will also be provided to community mental health providers and other health care providers who treat the most medically vulnerable patients so that they understand the process and the need to identify individuals who meet the definition of medically frail.
- Second, Iowa will utilize a self-attestation method of screening via affirmative answers to two questions on the single-streamlined application regarding receipt of Social Security income and/or having a physical, mental, or emotional health condition that causes limitations in activities of daily living. If an individual answers affirmatively to either or both questions, they will be considered to meet the definition of medically frail.
- As a final measure, Iowa will identify health conditions and diagnosis codes which qualify an individual for medically frail status. The health plans, PCPs, and/or ACOs will be allowed to identify these individuals pursuant to an actuarial identification method and

refer such individuals back to the Medicaid State Plan. Participants may be reclassified as medically frail at any time during their coverage period. Iowa will annually rescreen participants during the redetermination process. In addition, Iowa will consider development of a process to monitor claims experience to identify false positives for persons who were initially determined medically frail but, as evidenced by processed claims, prove not to be medically frail. Iowa will make other enhancement and modifications to the process as needed to assure that medically frail individuals are appropriately placed in the State Plan.

#### **Section 4: Participant Financial Contribution**

Participant financial contribution under the Iowa Wellness Plan has unique and innovative features designed to encourage utilization of preventive care, overall health promotion, and disease prevention through an incentive based program. During their first year of enrollment, all participants are exempted from financial contributions, including copayments for non-emergency use of the emergency department. Starting in the second year of enrollment and coupled with an incentive plan to eliminate monthly contributions, participants with income exceeding 50% FPL will be subject to a monthly required contribution if they did not complete Iowa Wellness Plan targeted preventive or other services in the preceding 12 month enrollment period for an exemption. Participants with income below 50% FPL will not be subject to monthly financial contributions regardless of completion of required services. Beginning in the second year of enrollment, all participants will be subject to a \$10 copayment for each non-emergency emergency department visit.

The Iowa Wellness Plan creates an incentive program that provides participants with the opportunity to have their monthly financial contributions waived. Iowa will establish a list of key activities which a participant may complete during his or her initial 12 month enrollment period, such as health risk assessments, preventive services, and annual physicals, or other activities related to health promotion and disease prevention. If the participant completes these activities, he or she is exempt from paying monthly contributions in the next 12 month enrollment period. This process is iterative and in each successive 12 month enrollment period, participants will have the opportunity to complete activities that will result in exemption from required financial contributions in the subsequent 12 month enrollment period. Under traditional Medicaid, final CMS cost sharing guidelines for individuals with income below 100% FPL would allow for a cost sharing schedule that includes a \$4 copayment for every outpatient visit, \$75 for an inpatient stay, and \$4 to \$8 per prescription. However, the Iowa Wellness Plan offers participants the predictability and certainty that the only financial contributions they are responsible for is their monthly contribution, which can be eliminated through the completion of healthy behaviors, and any copayments for non-emergency visits to the emergency department.

Although eligible individuals, who have cost-effective ESI coverage, will not be enrolled in the Iowa Wellness Plan and, instead, will receive premium assistance for their ESI coverage through the Iowa HIPP program, such individuals will be subject to the same cost sharing provisions as set forth in this section in future years of the demonstration.

#### 4.1 Participant Financial Contribution Amounts

Participant financial contribution amounts are indexed to be approximately 3% of income for a two-person household where both participants are enrolled in the Iowa Wellness Plan. This level of contribution should ensure that participants could make their monthly contribution amounts without reaching the federal 5% out-of-pocket maximum limit, even if they make copayments for emergency department use. Financial contribution amounts are detailed below in Table 6.

**Table 6: Financial Contributions**

% FPL	Median Income Single		Individual contribution	
	Monthly	Annual	Monthly	Annual
0%-50%	\$239	\$2,873	\$0	\$0
50%-65%	\$551	\$6,607	\$10	\$120
65%-80%	\$694	\$8,330	\$13	\$156
80%-100%	\$862	\$10,341	\$16	\$192

To maintain program consistency, the policy on non-payment of required financial contributions will be aligned with the grace period policy for individuals receiving advanced payments of the premium tax credits in the Marketplace and for individuals with income 101% FPL up to and including 133% FPL who are enrolled in the Iowa Marketplace Choice Plan. Non-exempt participants will be required to make their initial contribution to be considered enrolled. For subsequent contributions, individuals will be provided 90 days after an incidence of non-payment to pay all outstanding required contributions in full. During the non-payment period, outreach will initiate to ensure the participant is aware that payment has not been received and of the consequences of continued non-payment. Participants who do not pay outstanding financial contributions in full during this time frame will be terminated from the Iowa Wellness Plan. Individuals terminated from the Iowa Wellness Plan for non-payment of required contributions must then reapply for the Iowa Wellness Plan and go through the eligibility process again to receive coverage. All participants are exempt from paying required financial contributions in the first year, and participants may maintain their exemption from paying the required contribution by completing targeted health behaviors and preventive services. The termination for non-payment will only impact individuals who did not complete targeted health behaviors and preventive services in the prior year and who are more than 90 days late on payments of their required contributions.

#### 4.2 Copayments

The Iowa Wellness Plan will include \$10 copayments for non-emergency use of the emergency department. This \$10 copayment is waived in the first year of the demonstration and will be implemented in year two. The definition for non-emergency use of the emergency department will be consistent with the definition used for the Iowa Children’s Health Insurance Program (hawk-i) which requires that the condition be perceived as life threatening or causing additional harm without immediate medical care.

**Table 7: Copayments**

Eligibility Group	Benefit	Copayment Amount
The Adult Group	Non-emergency use of the ED	\$10

#### 4.3 Cost Sharing Exemptions

To prevent participants from reaching their 5% maximum out of pocket limit, participant financial contributions are indexed to amounts that equate to 3% of income for a household of two enrolled Iowa Wellness Plan participants. These contributions are waived in the initial demonstration year, and may be waived thereafter based on completion of targeted health behaviors and preventive services. After the initial demonstration year, the financial contributions are the only payments for which a participant may be responsible, other than the \$8 copayment for non-emergency use of the emergency department. Table 8 below displays the number of non-emergency visits to the emergency department that an individual would have to make to meet the federal 5% of income cost sharing limit.

**Table 8: Median Income and Cost Sharing Estimates and Limits, Single Individual**

% FPL		0%-50%	50%-65%	65%-80%	80%-100%
<b>Median Income</b>	Annual	\$2,873	\$6,607	\$8,330	\$10,341
	Monthly	\$240	\$551	\$694	
<b>5% of Median Income Limit</b>	Annual	\$144	\$330	\$417	\$517
	Monthly	\$12	\$28	\$35	\$43
<b>Annual Contribution</b>	Annual	\$0	\$120	\$156	\$192
	Monthly	\$0	\$10	\$13	\$16
<b>ED Copayments to Reach 5% of Median Income Limit<sup>4</sup></b>	Annual	14	21	26	32
	Monthly	1.2	1.8	2.2	2.7

Including these copayments, all cost sharing will be subject to the 5% out-of-pocket maximum limit. When participants approach their 5% limit, payment of copayments for non-emergency use of the emergency department will take precedence over any required payments of monthly financial contributions. This application requests a waiver to base the 5% out-of-pocket maximum limit on annual income in place of monthly or quarterly income. Participants will be permitted to request a reassessment of their 5% out-of-pocket limit if they meet certain qualifying conditions including a change in income or adding or losing a dependent. All household cost sharing amounts for Medicaid programs including required financial contributions and copayments will be included in determining if the member has met their 5% out-of-pocket maximum.

<sup>4</sup> This row shows the number of ED visits required to reach the 5% of income out of pocket maximum contribution level' it accounts for the required monthly financial contributions and is based on income for a single individual.

#### 4.4 Financial Contribution Justification

Current Medicaid members must pay copayments each time they utilize services, which leads to unpredictable out-of-pocket costs. Provider payments are reduced by the required copayment amount and providers must attempt to collect copayments from members to receive their full compensation. In the Iowa Wellness Plan, payments are predictable and do not change throughout the year, providing stability for participants. Participants can also earn exemptions from the required contributions through the completion of targeted healthy behaviors and preventive services. The required contributions in the Iowa Wellness Plan are consistent with the Iowa Marketplace Choice Plan and will provide individuals with consistent program policies and prepare them to transition to coverage on the Iowa Marketplace Choice Plan or subsidized coverage on the Marketplace if their income increases.

As demonstrated by Table 9 below, Iowa Wellness Plan participants' financial contributions are less burdensome than the proposed CMS cost sharing guidelines.

**Table 9: Iowa Wellness Plan Cost Sharing and CMS Cost Sharing Guidelines**

Healthcare Service	CMS Copayment guidelines	Iowa Wellness Plan Member Cost (75% FPL)	
		Annual	Monthly
Member Yearly Payment	\$0	\$156	\$13
3 Doctor Sick Visits	\$12	\$0	\$0
2 Preferred Prescription Drugs/Month	\$96	\$0	\$0
Inpatient Visit for Pneumonia	\$75	\$0	\$0
Doctor Visit for Broken Leg	\$4	\$0	\$0
12 Rehab Visits for Broken Leg	\$48	\$0	\$0
Total Member Cost	\$235	\$156	\$13

The Iowa Wellness Plan financial contribution requirement capitalizes on flexibilities currently available and allows the financial incentives to focus on preventive health and long-term program goals. Also, given the participants' low-income status, the federal 5% out of pocket maximum would result in participants reaching their copayment maximum early in the year, with no further financial requirement. Iowa seeks to achieve the policy goal of financial participation through a monthly contribution, rather than a copayment approach, to reinforce the financial responsibility goals of the program. In addition, the collection of copayments is dependent on providers and cannot be enforced by the state Medicaid agency, while the monthly contributions will be enforceable and will ensure that every Iowa Wellness Plan participant will have "skin in the game" and an incentive to invest in his or her health. The monthly contributions are applied to individuals with income 50% FPL to 100% FPL and may be waived for the completion of

preventive services, health risk assessments, and other targeted healthy behaviors promoted by the Iowa Wellness Plan. Analysis indicates the monthly contributions are no more burdensome than CMS cost sharing guidelines and may be waived through member completion of targeted healthy behaviors and preventive services; thus the limitations on premium contributions for the population with income less than 150% FPL are not applicable for the Iowa Wellness Plan financial contribution requirement.

### Section 5: Delivery System and Payment Rates for Services

The Iowa Wellness Plan leverages three different delivery systems and payment methodologies.

**Table 10: Iowa Wellness Plan Delivery Systems and Payment Methodologies**

Delivery System	PCP		Managed Care
	Independent PCP	PCP in ACO	
<b>Payment Methodology</b>	<ul style="list-style-type: none"> <li>• Fee-for-service</li> <li>• Administrative payment provided for managing referrals and coordinating care</li> <li>• Incentive bonus payments available for achieving quality and process goals.</li> </ul>	<ul style="list-style-type: none"> <li>• Fee-for-service</li> <li>• ACO subject to a risk-adjusted global budget</li> <li>• ACO shared savings based on quality</li> <li>• ACO two-way risk sharing</li> </ul>	<ul style="list-style-type: none"> <li>• Capitation</li> </ul>

Providers reimbursed on a fee-for-service basis under the Iowa Wellness plan will be reimbursed according to the Iowa Medicaid fee schedule. PCPs will receive monthly PMPM care coordination payments to coordinate enrollee care and provide referrals.

Actuarially sound capitation rates will be calculated for managed care plans on a per member per month basis. PCPs that are associated with ACOs will coordinate enrollee care within the context of the ACO organization. The ACO organization will be responsible for coordinating care to generate savings and for reimbursing the associated PCP for quality outcomes. ACOs will be subject to a risk-adjusted global budget and will be eligible for shared savings based on the achievement of quality metrics. Over the course of the demonstration, aligned with the implementation of the State Innovation Models grant, two sided risk sharing will be implemented for ACOs and they will be at risk for exceeding their budgeted amount.

#### 5.1 Delivery System Reforms

One of the main goals of Iowa’s efforts around delivery system reform is to assure that coordination of care takes place and that Medicaid participants are connected to social services that improve health outcomes. While Iowa’s long-term goal, encapsulated by the State

Innovation Models grant is to have complete multi-payor ACO coverage for all Medicaid programs, it will take some time for the Iowa delivery system to fully develop and implement this robust ACO model. To this end, Iowa will leverage all available delivery system models that promote enrollee care coordination and will have different options available to participants, depending on geography. When enrolling in the Iowa Wellness Plan, members will have the option of selecting among PCPs, and in locations where available, managed care plans. For enrollees that select a PCP instead of a managed care plan, Iowa Medicaid Enterprise will determine if the PCP is associated with an ACO. Thus Iowa Wellness Plan enrollees will have a choice of PCPs and/or managed care and may experience three different delivery systems: independent PCPs, PCPs associated with ACOs, and managed care plans. Enrollees served by independent PCPs and ACOs will have access to the entire Iowa Medicaid provider network, though PCPs and ACOs may promote appropriate care utilization through referrals, or at ACO discretion with IME approval, provide care to enrollees through a smaller and more coordinated team of providers. Over the course of the demonstration as ACOs develop statewide, a goal is that all enrollees that select the PCP model will be associated with an ACO. Enrollees of the managed care plans will have access to the managed care provider network. Exploring the cost and quality outcomes from these different delivery systems are key lines of inquiry under this demonstration and are key factors in making ACO coverage available for all Medicaid programs

The main delivery system reform of the Iowa Wellness Plan is to, under all delivery system models, promote coordination of care. Additionally, the Iowa Wellness Plan will work in concert with the State Innovation Models grant to implement ACOs. The ACO phase in will require implementation of risk-adjusted global budgets, shared savings based on achievement of quality metrics, and eventually, two sided risk.

### 5.2 Delivery System Type

The Iowa Wellness Plan has three possible delivery system types. They include Independent PCPs, ACOs, and managed care plans. Services provided by independent PCPs and ACOs will be provided on a fee-for-service basis. Managed care plans will be compensated based on capitation.

For the independent PCPs and ACOs, all enrolled Medicaid providers are eligible to deliver services to participants. ACOs and PCPs may use referrals to direct enrollees to appropriate sources of care. PCPs may be eligible to receive incentive payments based on quality and process improvements. ACOs that meet budget targets are eligible to receive shared savings payments if quality metrics are achieved as discussed in Section 5.7.

### 5.3 Accountable Care Organizations

One of the main innovations of the Iowa Wellness Plan is the promotion development of ACOs. Iowa received a State Innovation Models grant to develop a statewide multi-payor ACO model. This model is based on initiatives currently underway in Iowa's commercial market through the Wellmark Blue Cross Blue Shield Model. The Iowa Wellness Plan aligns with the State Innovation Model's goals and will utilize a modified version of the Wellmark Blue Cross Blue Shield ACO model for the Iowa Wellness Plan enrollees served by ACOs.

#### 5.4 Provision of Long-term Services and Supports

The 1915(i) Habilitation services will be provided through the State Plan and individuals that require these services are considered medically frail and will be defaulted to enrollment in the State Plan as detailed in Section 3.5.

#### 5.5 Fee-for-Service

For members in the independent PCP or ACO model, all services provided by Iowa Wellness Plan providers will be paid on a fee-for-service basis using the State Plan fee schedule. In addition to the fee-for-service payments, ACOs will be eligible to receive shared savings based on a risk adjusted global budget if they meet quality metrics as discussed in Section 5.7 and manage care to keep the total expenditures below their risk-adjusted global budget amount. Independent PCPs will also be eligible for incentive payments based on achievement of quality and/or process goals.

#### 5.6 Capitation

Where available, enrollees will have the choice between selection of a primary care physician that may or may not be associated with an ACO, and a managed care plan. Managed care plans will be compensated on an actuarially sound PMPM capitated basis. Managed care plans will not initially be available state-wide, so not all Iowa Wellness Plan enrollees will have access to this option.

#### 5.7 Quality

The Iowa Wellness Plan has a keen focus on quality and all models of care include a quality component. ACOs will be eligible to share in savings generated from care management practices if they meet key quality benchmarks. The Wellmark ACO model, which serves as the foundation for the Iowa Wellness Plan ACO design, includes shared savings payments based on the achievement of quality metrics. Quality Metrics are measured by a Quality Index Score (QIS). Under the Wellmark ACO model, continuous reporting is available to ACOs to promote understanding of patient utilization patterns. The Iowa Wellness Plan will phase in implementation of a similar program. ACOs that have successfully managed care and come in under their risk adjusted global budget amount and meet the quality metrics are eligible for shared savings. These quality metrics will be implemented in a phased approach and may include attributed participant experience, primary and secondary prevention, tertiary prevention, population health status, continuity of care, chronic and follow-up care, and efficiency. Implementation of quality metrics is required within three years of the ACO contracting with the Iowa Wellness Plan. Over the course of the program, based on historical data, additional quality metrics may be added to the Iowa Wellness Plan QIS. To receive the shared savings, ACOs will have to meet the quality targets.

Independent PCPs that coordinate enrollee care will also be eligible to receive incentives based on quality or process goals. Quality goals may be related to enrollee outcomes, satisfaction, or completion of targeted preventive services and healthy behaviors. Process goals may include decreasing wait times, improving member adherence to appointments, or improving communication with the Iowa Medicaid Enterprise. These goals and incentive payments will be

phased in over the course of the demonstration. Managed care plans will also have quality metrics as part of their contracts.

## **Section 6: Implementation of the Demonstration**

The Iowa Wellness Plan in coordination with the Iowa Marketplace Choice Plan will replace the IowaCare 1115 Demonstration waiver, which expires December 31, 2013. Current IowaCare participants will be contacted and notified of the new coverage opportunities in 2014. The member outreach and education plan is described in Section 9. Iowa will perform member outreach and education for current IowaCare participants and new participants about the Iowa Wellness Plan through a third party administrator.

### **6.1 Implementation Schedule**

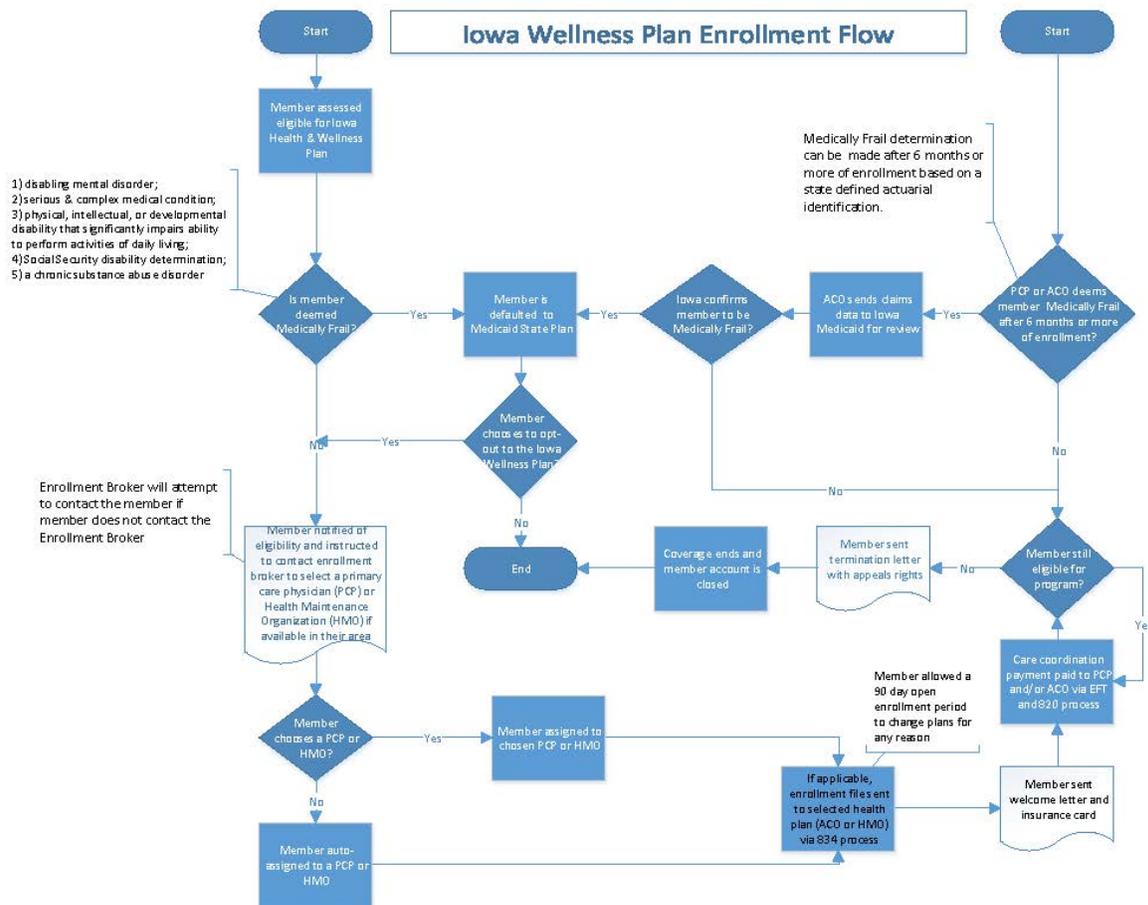
The Iowa Wellness Plan will be developed throughout 2013 and will replace the IowaCare 1115 Demonstration January 1, 2014. The implementation of the Iowa Wellness Plan coincides with the rollout of the ACA Marketplace and the Marketplace open enrollment period.

### **6.2 Enrollment**

Current participants of the IowaCare 1115 demonstration who meet the Iowa Wellness Plan eligibility criteria will have the opportunity to apply for the Iowa Wellness Plan. These participants will be notified of the new program requirements. The participants will be screened for access to ESI coverage, and for medically frail status. Eligible individuals with access to cost-effective ESI coverage will be covered through the HIPP program on the State Plan. Eligible individuals that are determined to be medically frail will be defaulted into enrollment in the State Plan but will be able to opt out into coverage on the Iowa Wellness Plan ABP.

Enrollment in the Iowa Wellness Plan will initiate during the implementation of the ACA's Marketplace. Individuals may apply with the single streamlined application through the Iowa Medicaid Enterprise channels or through the Marketplace. Coordination between the Marketplace and Medicaid will ensure that individuals who meet the Iowa Wellness Plan requirements are enrolled in the program regardless of whether they apply through Medicaid or the Marketplace.

During the application process those determined eligible will be screened for medically frail status. Those that are determined to be medically frail will be defaulted to enrollment in State Plan coverage, though they will be able to opt-out and receive ABP coverage through the Iowa Wellness Plan. Individuals enrolled in the Iowa Wellness Plan will be provided with the choice to select a PCP or, if available in their location, a managed care plan. Those that select a PCP may end up with an independent PCP or with a PCP that is associated with an ACO; however, it will not be apparent at the point of selection if the selected PCP is associated with an ACO. Enrollees that do not make a selection will have a PCP or managed care plan, as applicable, auto-assigned to them. The enrollment process is depicted in the below enrollment flow.



Further details on the enrollment of eligible IowaCare participants to the Iowa Wellness Plan or Marketplace coverage are included in Section 9.

### 6.3 Managed Care

The Iowa Wellness Plan will contract with managed care plans in locations where they are available. Managed care plans will be compensated on actuarially sound capitated rates and subject to network adequacy and quality requirements. Over the course of the demonstration the Iowa Wellness Plan expects managed care plans to become available across a greater area in the state and expects that some managed care plans may develop ACO components.

### Section 7: Demonstration Financing and Budget Neutrality

Please see the attached documents prepared by Milliman, Inc. describing financing and budget neutrality for the Iowa Wellness Plan.

### Section 8: Federal Medical Assistance Percentage

Pursuant to the Iowa legislation in the Report of the Conference Committee on Senate File 446, implementation of the Iowa Wellness Plan is dependent on the increased federal medical assistance percentage (FMAP) for the Adult Group under the ACA (as provided in 42 U.S.C. §

1396d(y)). If the methodology for calculating the FMAP for participants in the Iowa Wellness Plan is modified through federal law or regulation, in a manner that reduces the percentage of federal assistance to Iowa in a manner inconsistent with 42 U.S.C. § 1396d(y), or if federal law or regulation affecting eligibility or benefits for the Iowa Wellness Plan is modified, IDHS shall implement an alternative plan for coverage of the affected population, subject to prior statutory approval of the implementation. In addition, if the methodology for calculating the FMAP for participants in the Iowa Wellness Plan is modified through federal law or regulation resulting in a reduction of the percentage of federal assistance to Iowa below 90% but not below 85%, the medical assistance program reimbursement rates for inpatient and outpatient hospital services shall be reduced by a like percentage in the succeeding fiscal year.

### **Section 9: IowaCare Coordination Plan**

The Iowa Wellness Plan will replace the IowaCare 1115 Demonstration. It is intended as a coverage option for Iowans 19 to 64 years of age, who do not have access to comprehensive Medicaid, Medicare, or cost-effective ESI coverage and offers coverage to non-medically frail individuals with income up to and including 100% FPL and medically frail individuals with income up to and including 133% FPL. The Iowa Wellness Plan eligibility threshold, benefits, delivery system, and payment methodologies differ substantially from the current IowaCare 1115 Demonstration.

The IowaCare 1115 Demonstration expires December 31, 2013; however, through December 31, 2013 currently enrolled participants will continue to be eligible for IowaCare covered services.

With the initiation of the open enrollment period in October 2013, the Iowa Medicaid Enterprise will notify all current IowaCare 1115 Demonstration participants that the program will expire December 31, 2013. Iowa Medicaid will inform members of their options for health insurance coverage, including the Iowa Wellness Plan, Iowa Marketplace Choice Plan and other options available from the Health Insurance Marketplace. Iowa will follow-up to ensure that all current IowaCare 1115 demonstration participants have the opportunity to enroll in a coverage option.

IowaCare 1115 demonstration participants found to be eligible under the new Iowa Wellness Plan eligibility criteria will be enrolled in the Iowa Wellness Plan with coverage effective January 1, 2014. Outreach will be conducted to ensure these individuals understand the differences between Iowa Wellness Plan coverage and their previous IowaCare coverage.

### **Section 10: List of Proposed Waivers and Expenditure Authorities**

Amount, Duration, and Scope of Services	Section 1902(a) (10) (B)
To allow Iowa to offer a benefit package to Iowa Wellness Plan participants that differs from the State Plan Services.	
Rate-setting/Payment methodologies	Section 1902(a) (13) and (a) (30)
To allow Iowa to test innovative payment methodologies for combining fee-for-service, care coordination, capitation, and cost and quality indexed bonus payments.	

- Cost Sharing Requirements Section 1902(a) (14)  
To allow for the 5% of income cost sharing limit to be calculated on an annual basis. To allow Iowa to charge a \$10 copayment for nonemergency use of the emergency department.
- Freedom of Choice Section 1902(a) (23) (A)  
To allow Iowa to require participants to enroll with PCP.
- Methods of Administration: Transportation Section 1902(a)(4) insofar as it incorporates 42 CFR 431.53  
To the extent necessary, to enable Iowa to assure non-emergency transportation to and from providers for the Iowa Wellness Plan.
- Statewideness/Uniformity Section 1902(a)(1)  
To the extent necessary, to enable Iowa to operate the Iowa Wellness Plan and provide PCPs, HMOs or PCPs associated with ACOs only in certain geographical areas.
- Retroactive Eligibility Section 1902(a) (34)  
To allow the Iowa to not offer Iowa Wellness participants retroactive eligibility.
- Early Periodic Screening, Diagnoses, and Testing (EPSDT) Section 1904(a) (4)  
To exempt Iowa from the requirement to offer EPSDT services to 19 and 20 year olds and allow a standard set of benefits for all Iowa Wellness participants.

### **Section 11: Public Comment Period**

The public comment period initiates July 15, 2013. The notices announcing this comment period can be viewed in Appendix 1. On conclusion of the comment period this section will contain a summary of the comments received. This comment period covers both the Iowa Wellness Plan and the Iowa Marketplace Choice Plan.

### **Section 12: Demonstration Administration**

Name and Title: Jennifer Vermeer, Director

Email Address: JVermee@dhs.state.ia.us

## Appendix 1: Notice of Public Hearing

### Iowa Department of Human Services

#### Abbreviated Notice of Public Hearing and Public Comment Period

Under 42 CFR Part 431 and the final rule under PART 431 in the February 27, 2012, issue of the Federal Register, 77 FR 11678-11700, notice is hereby given that: **(1) on July 29, 2013, at 2:00 pm, at River Place, Room 1, 2309 Euclid Ave., Des Moines, IA 50310; and (2) on July 30, 2013, at 11:30 am, at Iowa Western Community College, Looft Hall Auditorium, 2700 College Road, Council Bluffs, IA 51503;** the Iowa Department of Human Services (IDHS) will hold public hearings on the Iowa Wellness Plan 1115 waiver request and the Marketplace Choice Plan 1115 waiver request that will be submitted to the Centers for Medicare and Medicaid Services (CMS) to implement the Iowa Health and Wellness Plan for calendar years 2014 through 2018. This notice also serves to open the **30-day public comment period, which closes August 15, 2013, at 4:30 pm.**

In May 2013, the Iowa legislature passed Senate File 446 containing the Iowa Health and Wellness Plan, which will replace the IowaCare 1115 demonstration that is set to expire December 31, 2013. The Iowa Health and Wellness Plan calls for health care coverage for Iowans, who are 19 to 64 years of age with incomes not exceeding 133 percent of the federal poverty level (FPL) and who are not eligible for Medicare or comprehensive Medicaid under an existing Iowa Medicaid group. Iowa is seeking two 1115 waiver requests to implement the Iowa Health and Wellness Plan: 1) the Iowa Wellness Plan 1115 waiver request; and 2) the Marketplace Choice Plan 1115 waiver request.

The Iowa Wellness Plan offers health care coverage to individuals, who have incomes below or equivalent to 100 percent FPL, through the utilization of accountable care organizations (ACOs) and medical homes. The Marketplace Choice Plan offers health care coverage to individuals, who have incomes above 100 percent FPL but not exceeding 133 percent FPL, through the utilization of premium assistance for health insurance marketplace (Marketplace) health plans. Income eligibility for both the Iowa Wellness Plan and the Marketplace Choice Plan will be determined using the modified adjusted gross income (MAGI) methodology.

Enrollment in the Iowa Wellness Plan and the Marketplace Choice Plan will initiate during the implementation of the Affordable Care Act's (ACA) Marketplaces beginning October 1, 2013. Individuals may apply with the single streamlined application through the Iowa Medicaid Enterprise (IME) channels or through the Marketplaces. Over the five-year demonstration period (2014-2018) the Iowa Health and Wellness Plan is expected to cost approximately \$3.1 billion in total state and federal funds.

Benefits for both the Iowa Wellness Plan and the Marketplace Choice Plan will include preventative care services, home health services, physician services, inpatient/outpatient hospital services, maternity services, emergency transportation, prescription drugs, diagnostic services, durable medical equipment and medical supplies, rehabilitative services, home health services, and mental health and substance abuse services. Dental benefits will be covered through a commercial market dental plan instead of through the Medicaid Dental benefit.

Participant financial contribution under the Iowa Wellness Plan and the Marketplace Choice is designed to encourage utilization of preventative care services. During their first year of enrollment, participants are exempt from monthly financial contributions. Starting in their second year of enrollment, participants with incomes at or above 50 percent FPL will be subject to a monthly financial contribution or premium payment unless such financial contributions are waived based upon completion of certain required preventative activities in the prior year. In addition, both plans include an \$8 co-payment for non-emergency use of the emergency room that applies to all participants regardless of income.

The full Public Notice and the proposed Iowa Wellness Plan 1115 waiver and Marketplace Choice Plan 1115 waiver documents are available for public review at the DHS County Offices. The documents may also be viewed beginning on July 15, 2013, at: <http://www.ime.state.ia.us/Initiatives.html>.

Written comments may be addressed to Maggie Reilly, Department of Human Services, Iowa Medicaid Enterprise, 100 Army Post Road, Des Moines, IA 50315. Comments may also be sent to the attention of: **DHS, Iowa Health and Wellness Plan** at [DHSIMEHealthandWellnesPlan@dhs.state.ia.us](mailto:DHSIMEHealthandWellnesPlan@dhs.state.ia.us) **through August 15, 2013**. The public, by contacting Maggie Reilly at the above address, may review comments received.

Jennifer Vermeer  
Medicaid Director  
Iowa Medicaid Enterprise  
Iowa Department of Human Services

### **Iowa Department of Human Services**

#### **Notice of Public Hearing and Public Comment Period**

Under 42 CFR Part 431 and the final rule under PART 431 in the February 27, 2012, issue of the Federal Register, 77 FR 11678-11700, notice is hereby given that: **(1) on July 29, 2013, at 2:00 pm, at River Place, Room 1, 2309 Euclid Ave., Des Moines, IA 50310; and (2) on July 30, 2013, at 11:30 am, at Iowa Western Community College, Looft Hall Auditorium, 2700 College Road, Council Bluffs, IA 51503;** the Iowa Department of Human Services (IDHS) will hold public hearings on the Iowa Wellness Plan 1115 waiver request and the Marketplace Choice Plan 1115 waiver request that will be submitted to the Centers for Medicare and Medicaid Services (CMS) to implement the Iowa Health and Wellness Plan for calendar years 2014 through 2018. This notice also serves to open the **30-day public comment period, which closes August 15, 2013 at 4:30 pm.**

In May 2013, the Iowa legislature passed Senate File 446 containing the Iowa Health and Wellness Plan, which will replace the IowaCare 1115 demonstration that is set to expire December 31, 2013. The Iowa Health and Wellness Plan calls for health care coverage for Iowans, who are 19 to 64 years of age with incomes not exceeding 133% of the federal poverty level (FPL) and who are not eligible for Medicare or comprehensive Medicaid under existing Iowa Medicaid. Coverage under the Iowa Health and Wellness Plan will be provided through premium assistance for Iowa's health insurance marketplace (Marketplace) qualified health plans (QHPs), premium assistance for cost-effective employer sponsored insurance (ESI) health plans, and a new program that leverages the State Innovation Models Accountable Care Organization (ACO) demonstration and other care coordination models including Primary Care Physician (PCP) gate keepers and managed care plans to promote delivery system innovation and reform.

Iowa is seeking two 1115 waiver requests to implement the Iowa Health and Wellness Plan: 1) the Iowa Wellness Plan 1115 waiver request; and 2) the Marketplace Choice Plan 1115 Demonstration waiver request. The Iowa Wellness Plan 1115 waiver request applies to Iowans ages 19 to 64 with income up to and including 100% FPL for those who are not medically frail and income up to and including 133% FPL for those who are medically frail. Enrollees of the Iowa Wellness plan will receive coverage through independent PCPs, PCPs associated with ACOs, or managed care plans, and medically frail individuals will be defaulted to enrollment in the State Plan but may opt-out to receive coverage through the Iowa Wellness Plan. The Marketplace Choice Plan 1115 waiver request addresses coverage for non-medically frail Iowans ages 19 to 64 with income 101% FPL to no more than 133%<sup>5</sup>

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<sup>5</sup> With the 5% of FPL disregard, individuals with household income up to 138% FPL may be eligible.

FPL through the utilization of premium assistance for Marketplace QHPs. Iowa seeks this waiver authority under Section 1115 of the Social Security Act and will request approval of the two new demonstrations from CMS.

## **OBJECTIVES**

The Iowa Department of Human Services (IDHS) developed the Iowa Wellness Plan 1115 waiver request and the Marketplace Choice Plan 1115 waiver request to implement the Iowa Health and Wellness Plan with the goals of creating an innovative approach to providing health care services to Iowa's low-income population and assuring cost-effective coverage opportunities for all Iowans.

Three objectives have driven the development of the Iowa Wellness Plan 1115 waiver request and the Marketplace Choice Plan 1115 waiver request: 1) ensuring that all Iowans have access to a health insurance coverage option in 2014 through the Iowa Wellness Plan or Marketplace Choice Plan demonstrations, other Medicaid programs, Medicare, or the Marketplace; 2) implementing a new delivery system and payment model to promote improved care management, care coordination, and health care quality, and 3) implementing a unique incentive plan to encourage development of cost-conscious consumer behavior in the consumption of health care services and to improve the use of preventive services and other healthy behaviors by waiving required contributions in subsequent enrollment periods for individuals that complete targeted preventive health services, health risk assessments, or other identified healthy behaviors.

## **BENEFICIARIES, ELIGIBILITY, & FINANCING**

The Iowa Health and Wellness Plan is designed specifically for individuals who have income below 133% FPL, are 19 to 64 years of age, not currently eligible for comprehensive Medicaid under an existing Iowa Medicaid group, not eligible for Medicare, and do not have access to cost-effective ESI. Individuals, who are not medically frail and meet the aforementioned criteria and who have income up to and including 100% FPL and individuals who are medically frail meeting the same requirements with income up to and including 133% FPL, will be eligible for the Iowa Wellness Plan, which offers coverage through PCP gatekeepers, managed care plans, and the utilization of ACOs. Individuals, who meet the aforementioned criteria, who are not medically frail, and who have income 101% FPL to no more than 133% FPL, will be eligible for the Marketplace Choice Plan, which offers coverage through the utilization of premium assistance for Marketplace QHPs. Income eligibility for both the Iowa Wellness Plan and the Marketplace Choice Plan will be determined using the modified adjusted gross income (MAGI) methodology.

Maintaining the commitment to leverage the private insurance market, eligible individuals, who have access to cost effective ESI, will not be eligible for the Iowa Wellness Plan or the Marketplace Choice Plan. Instead, Iowa will provide premium assistance to these individuals through Iowa's Health Insurance Premium Payment (HIPP) program. In addition, eligible individuals, who meet the definition of medically frail status, will be defaulted to fee-for-service coverage under the Medicaid State Plan based upon the complexity of these individuals' medical management and needs; however, these medically frail individuals will have the opportunity to opt-out of this coverage and receive coverage through the Iowa Wellness Plan.

Eligibility for all other Medicaid categories will take precedence over enrollment in either the Iowa Wellness Plan or the Marketplace Choice Plan. Enrolled individuals who become eligible for another Medicaid eligibility category will be transferred. This change will be done with no disruption of medical assistance to the individual but is required to ensure that the Iowa Health and Wellness Plan is sustainable and can cover the maximum number of Iowans.

Enrollment in the Iowa Wellness Plan and the Marketplace Choice Plan will begin October 1, 2013. Individuals may apply with the single streamlined application through the IDHS channels or through the Marketplaces. Coordination between the IDHS and the Marketplaces will ensure that individuals who meet the eligibility requirements are enrolled in the Iowa Wellness Plan or the Marketplace Choice Plan.

The tables below provide estimated numbers of individuals eligible for the Iowa Wellness Plan and the Marketplace Choice Plan. Both plans are funded sufficiently to provide services to the population expected to enroll.

**Iowa Wellness Plan 1115 Waiver (0-100% FPL) Estimated Enrollees by Year**

	2014	2015	2016	2017	2018
Wellness Plan	58,923	75,288	76,417	77,563	78,726
Medically Frail (State Plan)	38,146	42,795	43,437	44,088	44,749
<b>Total</b>	<b>97,069</b>	<b>118,083</b>	<b>119,854</b>	<b>121,651</b>	<b>123,475</b>

**Marketplace Choice Plan 1115 Waiver (101-133% FPL) Estimated Enrollees by Year**

	2014	2015	2016	2017	2018
Marketplace Plan	21,788	31,673	32,148	32,630	33,119
<b>Total</b>	<b>21,788</b>	<b>31,673</b>	<b>32,148</b>	<b>32,630</b>	<b>33,119</b>

Over the five-year demonstration period (2014-2018) the Iowa Health and Wellness Plan is expected to cost approximately \$5.6 billion in total state and federal funds. The table below provides the estimated total state and federal costs divided by year and plan.

**Estimated Total State and Federal Program Cost 2014-2018 (in millions)**

	2014	2015	2016	2017	2018	Total
<b>Wellness Plan</b>						
0-100% Wellness Plan	\$262.8	\$344.0	\$357.6	\$371.9	\$386.6	\$1,722.9
0-133% Medically Frail	\$483.0	\$555.1	\$577.2	\$600.2	\$624.1	\$2,839.6
Total	\$745.8	\$899.1	\$934.8	\$972.1	\$1,010.7	\$4,562.5
<b>Marketplace Choice Plan</b>						
101-133%	\$137.4	\$204.7	\$212.8	\$221.3	\$230.1	\$1,006.3
Total	\$137.4	\$204.7	\$212.8	\$221.3	\$230.1	\$1,006.3
<b>Grand Total</b>	<b>\$883.2</b>	<b>\$1,103.8</b>	<b>\$1,147.6</b>	<b>\$1,193.4</b>	<b>\$1,240.8</b>	<b>\$5,568.8</b>

**BENEFITS**

The Iowa Health and Wellness Plan will provide a comprehensive benefit package that ensures coverage for all of the Essential Health Benefits (EHB) as required by the Affordable Care Act (ACA).

Benefits for the Iowa Wellness Plan for eligible non-medically frail individuals with income up to and including 100% FPL without access to cost-effective ESI are indexed to the benefits offered through the State Employee plan. Medically frail individuals with incomes up to and including 133% FPL without access to cost-effective ESI will be defaulted to State Plan coverage but may opt into the coverage provided on the Iowa Wellness Plan. All medical benefits will be provided through the current Iowa Medicaid contracted provider network. Dental benefits similar to those provided on the State Plan will also be offered to this population.

The Marketplace Choice Plan for eligible individuals with income 101% FPL to no more than 133% FPL without access to cost-effective ESI will cover all required EHB services. Benefits covered on this plan will be at least equal to the State Employee plan benefits. Iowa will supplement the Marketplace QHPs with dental services.

Both plans are requesting a waiver of the requirements to offer non-emergency transportation services and Early Periodic Screening, Diagnoses, and Testing (EPSDT) services to individuals between the ages of 19 and 21 in order to standardize the benefit package for participants.

### **PROPOSED HEALTH CARE DELIVERY SYSTEM**

The Iowa Health and Wellness Plan offers innovations and reform in the delivery of health care services through the leveraging care coordination models including PCP gatekeepers, managed care plans, ACOs, and the utilization of the private insurance market. The Iowa Wellness Plan will deliver services on a fee-for-service basis through any enrolled Iowa Medicaid provider to individuals enrolled through an independent PCP or ACO or capitated basis through a managed care plan's network. The goal of the PCP, ACO, and managed care plans is to ensure that participant care is coordinated to the greatest extent possible to help to create efficiencies and improve the quality of individual health care. PCPs will be compensated with a coordinated care fee for managing enrollee care. Managed care plans will receive per member per month capitation. ACOs will be subject to a global budgeted amount that is calculated based on the number and relative risk of their participants. The budget will be risk-adjusted and ACOs will be protected with stop/loss provisions for high cost medical events. ACOs that come in under their global budget are eligible to share in savings at year-end provided that they meet specified quality metrics that are on target with established goals. Initially, ACOs will be eligible for shared-savings without being responsible for losses. Over time, two-way risk sharing will be introduced and ACOs will be financially responsible for exceeding their global budget amount.

The Marketplace Choice Plan strengthens Iowa's health care delivery system. Iowa's leveraging of Marketplace QHPs for the purpose of providing health care coverage for low-income individuals not only increases access to much-needed care but also brings more people to the private market resulting in greater quality, efficiencies, and cost-savings for all Iowans. Marketplace Choice Plan participants, based upon their level of income, are the most likely population to experience eligibility churn where they move from Medicaid eligibility to eligibility for premium tax credits on the Marketplace. Provision of coverage for these individuals through the Marketplace will facilitate transition to subsidized Marketplace coverage. Marketplace Choice Plan participants will receive services through providers enrolled in their selected Marketplace QHP. Marketplace QHPs will cover services at least as comprehensive as the State Employee plan services. Marketplace Choice Plan participants will also be provided with access to dental benefits similar to those provided on the Medicaid State Plan.

Eligible individuals, who meet the definition of medically frail, will be enrolled by default into standard Medicaid State Plan benefits and have access to more robust services to manage complex mental health and medical conditions; however, these individuals may opt-out of the State Plan benefits and receive coverage through the

benefits provided to non-medically frail individuals on the Iowa Wellness Plan. Medically frail individuals that remain enrolled in Medicaid State Plan coverage will have access to any enrolled Medicaid provider.

### **COST SHARING REQUIREMENTS**

Participant financial contribution and copayments under the Iowa Wellness Plan and the Marketplace Choice Plan have unique and innovative features designed to encourage utilization of preventive care and overall health promotion and disease prevention through an incentive-based program. During their first year of enrollment, Iowa Wellness Plan and Marketplace Choice Plan participants are exempt from monthly financial contributions. Starting in their second year of enrollment, participants with income at or above 50% FPL will be subject to a monthly financial contribution or premium payment unless such financial contributions are waived based upon completion of certain preventive activities in the prior year. Iowa will establish a list of key activities in which a participant may participate during their enrollment period, such as risk assessments, preventive services, annual physicals, or other activities related to health promotion and disease prevention. If the participant completes these activities, they are exempt from paying monthly contributions in the following year.

The Iowa Wellness Plan and the Marketplace Choice Plan will include a \$10 copayment for non-emergency use of the emergency department for all participants. This copayment is waived in the initial demonstration year.

Participant monthly financial contribution amounts are set to be a maximum of 3% of income for a two-person household when both household members are enrolled in either the Iowa Wellness Plan or the Marketplace Choice Plan. This level of contribution should ensure that participants could make their monthly contribution amounts without reaching the federal 5% out-of-pocket maximum limit, even if they make copayments for non-emergency use of emergency room use services.

Although eligible individuals, who have cost-effective ESI coverage, will not be enrolled in the Iowa Wellness Plan or the Marketplace Choice Plan but will, instead, receive premium assistance for their ESI coverage through the Iowa HIPP program, such individuals will be subject to the same cost sharing provisions as the Iowa Wellness Plan and the Marketplace Choice Plan participants in future years of the demonstration.

### **HYPOTHESES & EVALUATION**

The Iowa Wellness Plan demonstration will investigate the following research hypotheses.

- 4) The Iowa Wellness Plan is designed to offer coverage options for non-medically frail Iowans with income not exceeding 100% FPL and for medically frail Iowans with income not exceeding 133% FPL, who are ages 19 to 64, and are not otherwise eligible for Medicaid, Medicare, or subsidized Marketplace coverage. Combined with current Medicaid and Medicare coverage options, the Iowa Marketplace Choice Plan waiver submitted simultaneously with this request, and subsidized coverage through the Marketplace, this will ensure that all Iowans have access to a coverage option in 2014.
- 5) To promote improved care management, care coordination, and health care quality, the Iowa Wellness Plan pioneers a new delivery system and payment model that leverages different models depending on availability and incorporates ACOs, managed care, and PCP gatekeepers.
- 6) The Iowa Wellness Plan will implement a unique incentive plan to encourage development of cost-conscious consumer behavior in the consumption of health care services and to improve the use of preventive services and other healthy behaviors by waiving required contributions in subsequent enrollment periods for individuals who complete preventive health services, health risk assessments, or other identified services.

The Marketplace Choice Plan will investigate the following research hypotheses.

### **Access**

- Hypotheses:
  - Marketplace Choice Plan participants will have greater access to health care providers than they would have had in traditional fee-for-service Medicaid coverage due to increased reimbursement for providers.
  - Marketplace Choice Plan participants will have similar access to health care providers as others who are insured through the private market.
  - Marketplace Choice Plan participants will obtain preventive care services.
  - Marketplace Choice Plan participants will have decreased utilization of emergency department services as compared to Medicaid beneficiaries in traditional fee-for-service coverage.
- Evaluation:
  - Compare Marketplace Choice Plan and traditional fee-for-service Medicaid primary care and specialty care health care providers.
  - Perform a survey of Marketplace Choice Plan participants related to timeliness of care, use of emergency department services, receipt of ambulatory or preventive care services, and other access issues.
  - Compare denied emergency department claims for Marketplace Choice Plan participants and Medicaid fee-for-service beneficiaries.

### **Churn**

- Hypotheses:
  - The use of the Marketplace for individuals who are at higher incomes will result in lower Medicaid administrative costs due to the reduction in the rate of churn as it relates to administrative overhead.
  - The provision of premium assistance for Marketplace QHPs is cost-effective, improves access to care, and reduces the impact of churn as individuals transition from eligibility for Medicaid to eligibility for Marketplace advance premium tax credits.
  - Participants will experience fewer gaps in insurance coverage than traditional Medicaid beneficiaries based upon the grounds that they can remain in the same Marketplace QHP if their income increases and they are no longer eligible for the Marketplace Choice Plan.
  - Participants will maintain continuous access to the same QHPs and/or providers at higher rates than beneficiaries under a traditional Medicaid expansion.
- Evaluation:
  - Comparison of administrative costs per capita expended between Marketplace Choice Plan and the Iowa Wellness Plan.
  - Compare churn rates between Marketplace Choice Plan and evidence in literature/other states' experiences with traditional Medicaid expansion.
  - Analysis of Marketplace Choice Plan participant transfers to advanced premium tax credit coverage to measure the percent of Marketplace Choice Plan participants who would have otherwise had to change coverage and/or providers.

### **Cost**

- Hypotheses:

- The use of the Marketplace for individuals who are at higher incomes will result in savings in both administrative and medical expenditures over the lifetime of the demonstration.
- The provision of premium assistance for Marketplace QHPs and bringing more Medicaid lives to the Marketplace will increase competition in the private market resulting in lower costs for all Iowans.
- The incentive program that reduces cost sharing in subsequent years results in increased preventive care and other disease prevention and health promotion activities, which will result in lower health costs and improved health outcomes.
- Evaluation:
  - Comparison of administrative costs per capita expended between Marketplace Choice Plan and traditional Medicaid expansions.

### **Medicaid Service Benefit Wrap**

- Hypothesis:
  - Individuals enrolled in Marketplace QHPs have sufficient access to needed services and do not require Medicaid Benefit Wrap.
- Evaluation:
  - Enrollee satisfaction surveys demonstrate needed services were available and accessible.

### **Pharmacy**

- Hypothesis:
  - QHP Pharmacy benefits are adequate for the enrolled population.
- Evaluation:
  - Enrollee satisfaction surveys indicate sufficient access to needed prescription drugs.

### **Continuity of Care**

- Hypothesis:
  - The use of the Marketplace for individuals who are at higher incomes will result in improved continuity of care for participants.
- Evaluation:
  - Analysis of Marketplace Choice Plan participant transfers to advanced premium tax credit coverage to measure the percent of Marketplace Choice Plan participants who would have otherwise had to change coverage and/or providers.

### **WAIVER & EXPENDITURE AUTHORITIES**

The following includes a list of waiver and expenditure authorities for the Iowa Wellness Plan 1115 waiver request and the Marketplace Choice Plan 1115 waiver request:

- 1) Amount, Duration, and Scope of Services – Section 1902(a) (10) (B): To allow Iowa to offer a benefit package to participants that differs from the State Plan Services.
- 2) Rate-setting/Payment methodologies – Section 1902(a) (13) and (a) (30): To allow Iowa to test innovative payment methodologies for combining fee-for-service, care coordination, capitation, and cost and quality indexed bonus payments.
- 3) Cost-Sharing Requirements – Section 1902(a) (14): To allow the federal regulation of a 5% of income out-of-pocket maximum to be calculated on an annual basis. To allow Iowa to charge a \$10 copayment for non-emergency use of the ER.

- 4) Freedom of Choice – Section 1902(a) (23) (A): To allow the Iowa Wellness Plan to require enrollees to enroll with a PCP. To allow Iowa to make premium assistance for Marketplace QHPs mandatory for Marketplace Choice Plan participants and limit participants’ choice of providers to those providers participating in the Marketplace QHPs.
- 5) Methods of Administration – Transportation – Section 1902(a)(4) insofar as it incorporates 42 CFR 431.53: To the extent necessary, to enable Iowa to not provide non-emergency transportation to and from providers for participants.
- 6) State-wideness/Uniformity – Section 1902(a)(1): To the extent necessary, to enable Iowa to operate the Iowa Wellness Plan and provide ACOs and/or managed care plans only in certain geographical areas.
- 7) Retroactive Eligibility – Section 1902(a) (34): To allow Iowa to not offer participants retroactive eligibility.
- 8) Early Periodic Screening, Diagnoses, and Testing (EPSDT) – Section 1904(a) (4): To exempt Iowa from the requirement to offer EPSDT services to 19 and 20 year olds and allow a standard set of benefits for all participants.
- 9) Drug Formulary – Section 1902(a) (54): To allow Iowa to limit Marketplace Choice Plan participants to receiving coverage for drugs on the selected Marketplace QHP’s drug formulary.

The proposed Iowa Wellness Plan 1115 waiver and Marketplace Choice Plan 1115 waiver documents may be viewed beginning on July 15, 2013, at: <http://www.ime.state.ia.us/Initiatives.html>.

Written comments may be addressed to Maggie Reilly, Department of Human Services, Iowa Medicaid Enterprise, 100 Army Post Road, Des Moines, IA 50315. Comments may also be sent to the attention of: **DHS, Iowa Health and Wellness Plan** at [DHSIMEHealthandWellnesPlan@dhs.state.ia.us](mailto:DHSIMEHealthandWellnesPlan@dhs.state.ia.us) through August 15, 2013. The public, by contacting Maggie Reilly at the above address, may review comments received.